

# BOZEMAN, MT

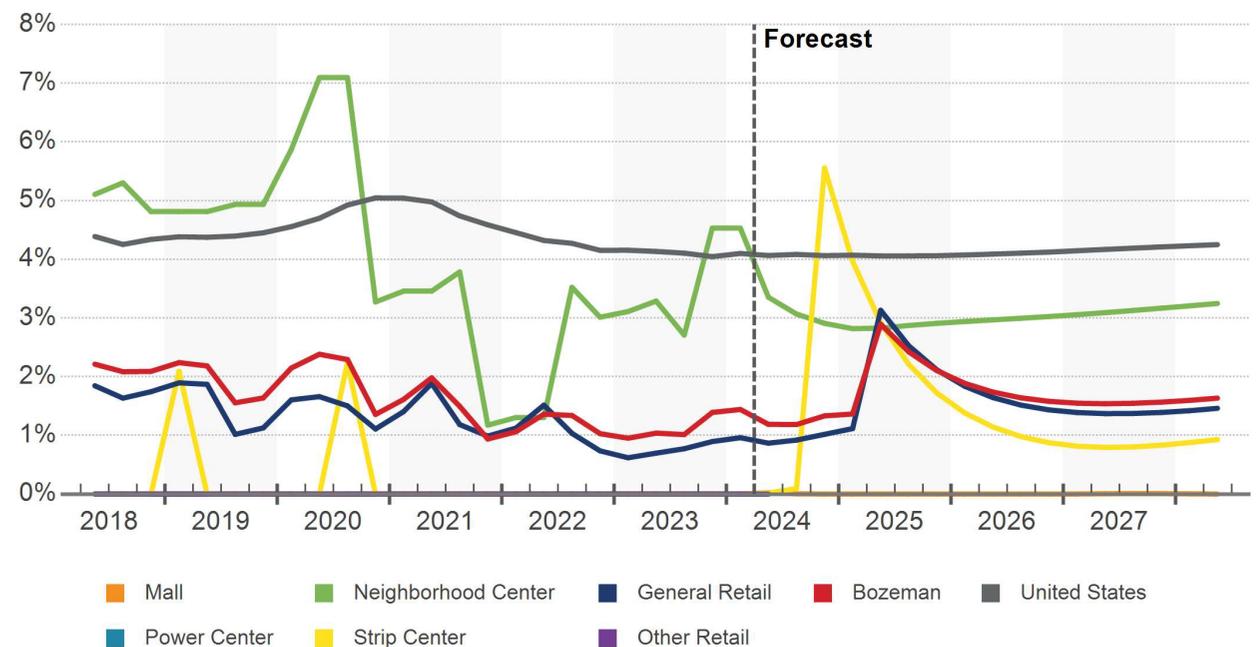
## RETAIL

Despite a slight increase in vacancy rates compared to last year, the Bozeman retail market remained robust in Q1 of 2024 with a vacancy rate of 1.4%, far below the national average of 4.1%. Positive absorption of 7,700 SF and net deliveries of 39,000 SF reflect ongoing activity and growth within the market. Rents have seen a healthy increase of 3.3% over the past year, coming in around \$19.40/SF, showing the attractiveness and demand for retail spaces in the area.

Construction activity continues to contribute to the expansion, with roughly 160,000 SF under construction, indicating confidence in the market's potential.

While some segments like general retail buildings and shopping centers have seen stable vacancy rates and absorption, neighborhood centers have experienced a slight decrease in vacancy with positive absorption of 7,100 SF. Rent growth has been consistent, particularly in larger retail centers, with rents at \$25.00/SF and a growth rate of 5.0%. Despite fluctuations, the Bozeman market's performance over the past three years, with a 10.1% increase in rents and steady sales activity, underscores its resilience and potential for investors.

### VACANCY RATE



\*All data points sourced from CoStar 2024



**MIKE ELLIOTT**  
CEO / MANAGER BROKER  
+1 406.599.0466  
mike.elliott@erescompanies.com



**PAUL LENCIONI**  
BROKER



**CAMERON WEBSTER**  
ASSOCIATE BROKER

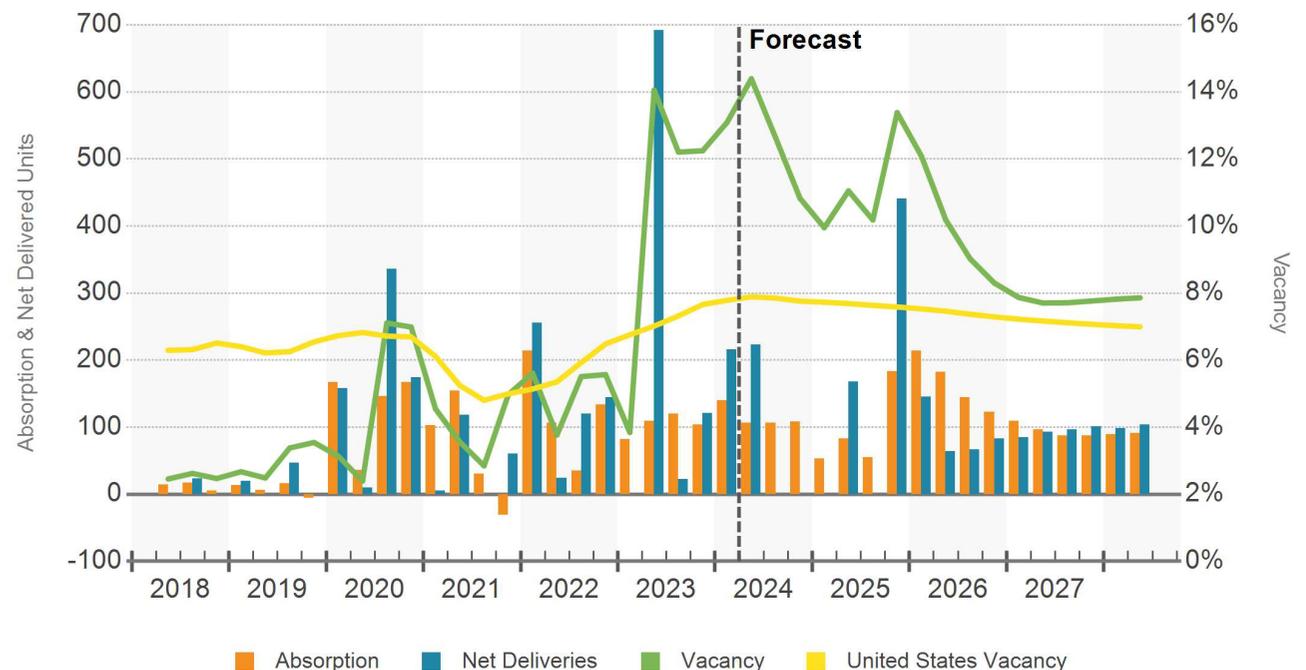
# BOZEMAN, MT

## MULTIFAMILY

Though the current vacancy rate is notably higher than last year (at 13.1%), this comes as no surprise due to the new supply that's recently come online. On average, new multifamily projects can take anywhere from 6-12 months to stabilize vacancy. The market has witnessed 470 units of positive absorption alongside 1,000 units of net deliveries. Construction activity continues with 910+ units still in the pipeline.

The region has seen a continued growth in population (1.2% in 2023) and, despite variations in vacancy rates across building classes, overall rental growth has shown positive trends. This is particularly true in more dated buildings where rents have increased by 8.0% year-over-year. Overall average rents have experienced a slight decrease of 2.9% in the past year, however, they remain competitive, averaging around \$2,090/month. Although the current vacancy rate surpasses the three-year average, Bozeman's multifamily market has expanded significantly by 1,800 units in recent years. With consistent sales activity and a growing inventory, the Bozeman multifamily market still shows a promising future.

### ABSORPTION, NET DELIVERIES & VACANCY



\*All data points sourced from CoStar 2023



**MIKE ELLIOTT**  
CEO / MANAGER BROKER  
+1 406.599.0466  
mike.elliott@erescompanies.com



**PAUL LENCIONI**  
BROKER



**CAMERON WEBSTER**  
ASSOCIATE BROKER

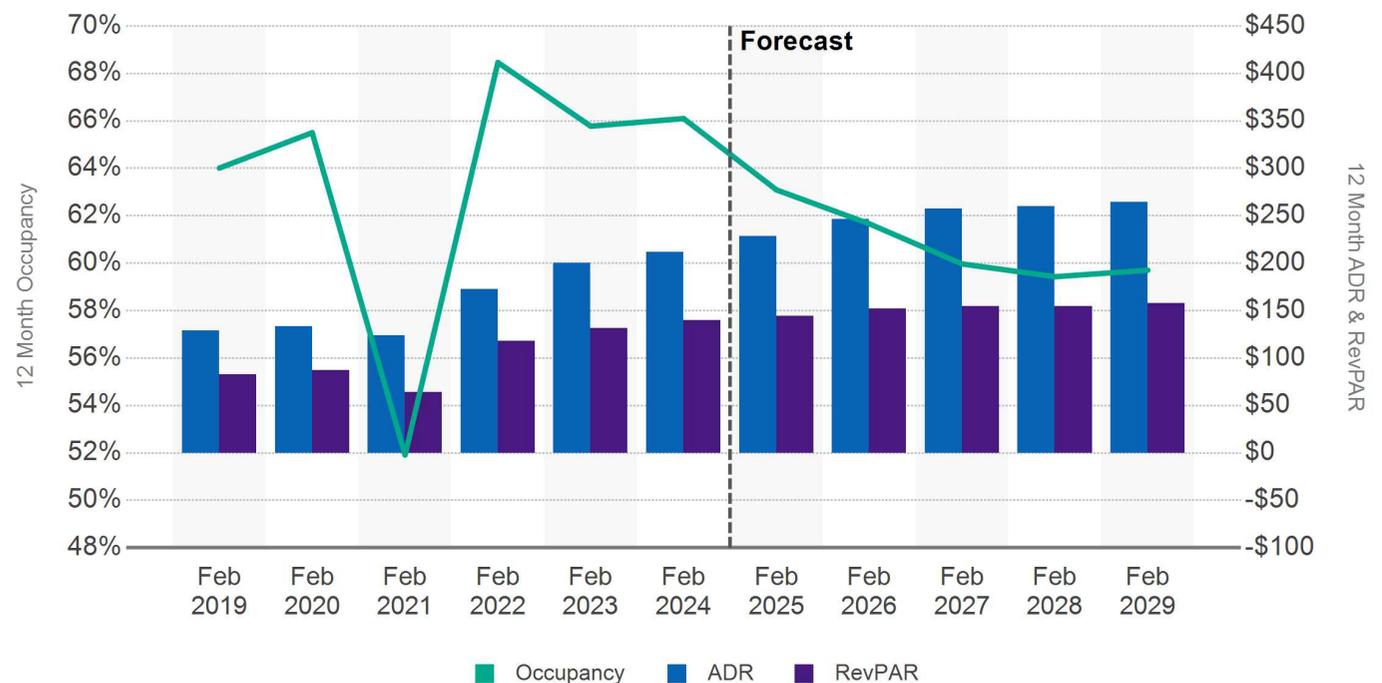
# GALLATIN & PARK COUNTIES

## HOSPITALITY

The hospitality market in the Gallatin, Park, and Sweetgrass Counties are a significant contributor to the state's hospitality sector with 119 hotel properties (out of 577 statewide). Occupancy rates have consistently outperformed the broader local market, averaging around 66.1% over the past year (just a slight decrease from Q4 2023). Average daily rates continue to increase, reaching \$211.82 as Q1 comes to a close. 12-month RevPAR has been on a steady upward trajectory, experiencing an annual growth rate of 6.5% and currently sitting at \$140.01.

The current development pipeline, with 1,058 rooms under construction or in the planning / pre-development phase, marks the most significant expansion in over a decade, demonstrating sustained interest and investment in the submarket's growth. Despite relatively fewer hotel deals closed in recent years, the submarket's positive performance metrics and ongoing development underline its attractiveness and potential for investors seeking opportunities in Montana's vibrant hospitality industry.

## OCCUPANCY, ADR & REVPAR



\*All data points sourced from CoStar 2024



**MIKE ELLIOTT**  
CEO / MANAGER BROKER  
+1 406.599.0466  
mike.elliott@erescompanies.com



**PAUL LENCIONI**  
BROKER



**CAMERON WEBSTER**  
ASSOCIATE BROKER

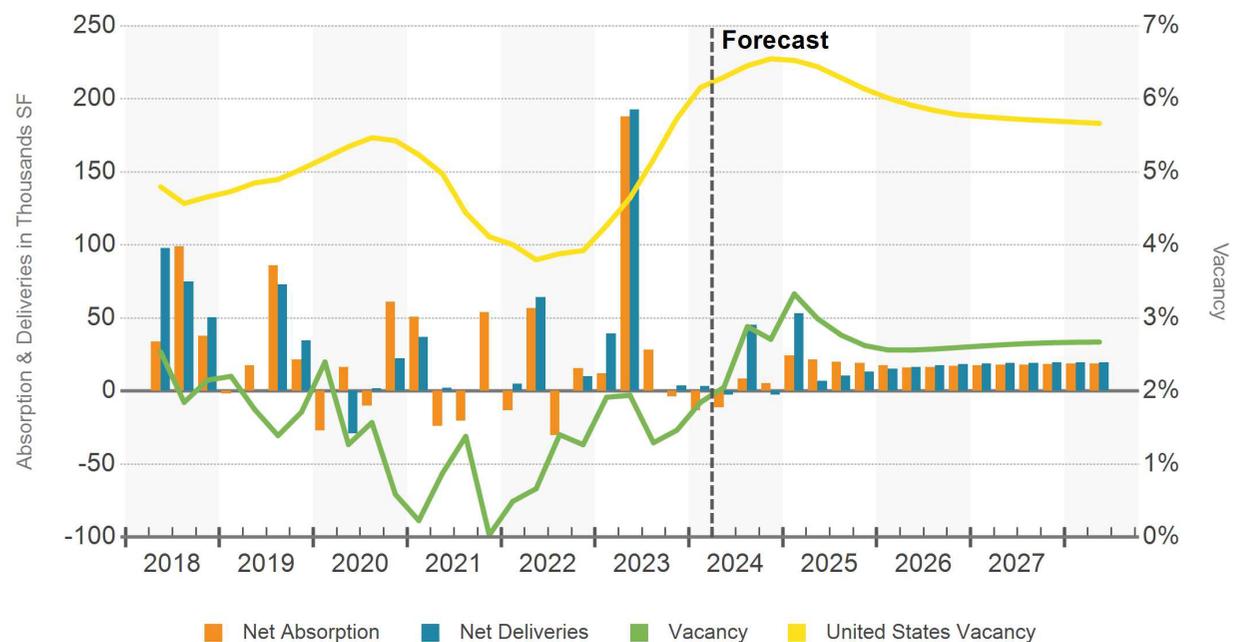
# BOZEMAN, MT

## INDUSTRIAL

The Bozeman industrial market maintains a stable vacancy rate of 1.8%, remaining consistent with the previous year despite national fluctuations. Notably, both absorption and net deliveries have contributed positively, totaling 200,000 SF, while total availability, including sublease space, stands at 3.8% of all inventory. Although smaller in scale compared to national averages, Bozeman's industrial landscape is vibrant, with logistics space dominating at 2.8 million SF, followed by specialized and flex spaces.

Rents have experienced a 2.8% increase over the past year, reaching around \$12.50/SF, showcasing sustained growth in the market. Despite being moderately expensive compared to national standards, this growth trend reflects confidence in Bozeman's industrial potential. With ongoing construction adding 99,000 SF to the market and consistent sales activity, valued at an average of \$240/SF, Bozeman's industrial sector remains one of the most competitive product types in the market.

### NET ABSORPTION, NET DELIVERIES & VACANCY



\*All data points sourced from CoStar 2024



**MIKE ELLIOTT**  
CEO / MANAGER BROKER  
+1 406.599.0466  
mike.elliott@erescompanies.com



**PAUL LENCIONI**  
BROKER



**CAMERON WEBSTER**  
ASSOCIATE BROKER

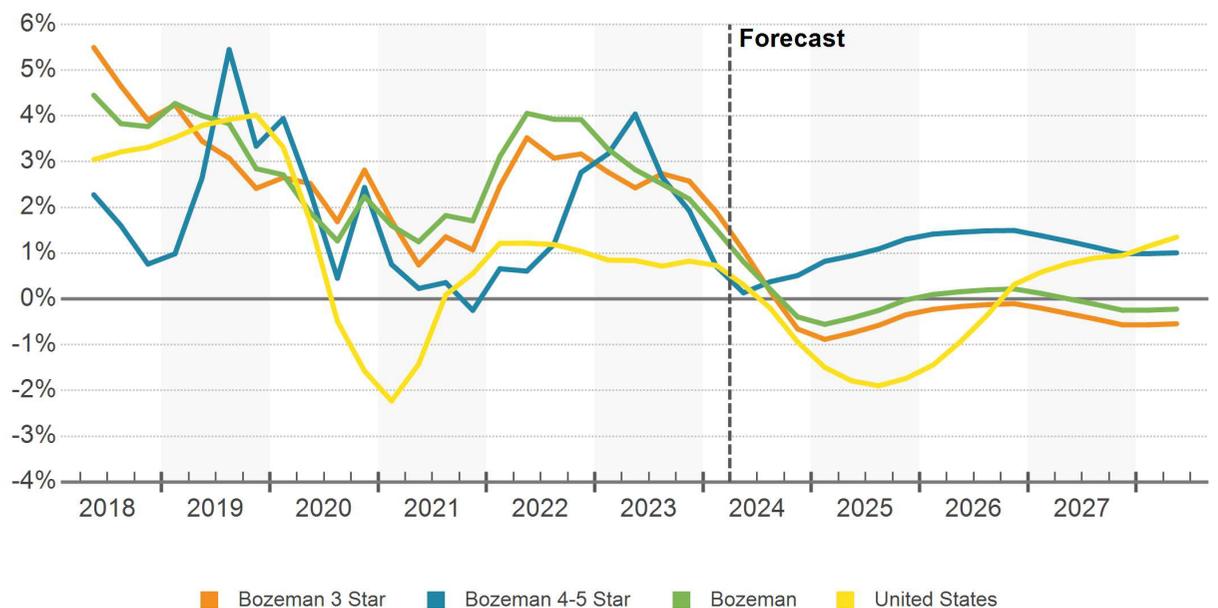
# BOZEMAN, MT

## OFFICE

The Bozeman market consists of 3.9 million SF of inventory. Despite a slight increase in vacancy rates compared to last year, the Bozeman office market remains steady with a vacancy rate of 3.5% as Q1 draws to an end. The uptick in vacancies is mitigated by net deliveries of 39,000 SF (largely attributed to NW Crossing), indicating ongoing activity within the market. Rents have seen a moderate increase of 1.5% over the past 12 months, reaching around \$28.00/SF, reflecting steady demand and stability in pricing.

The 21 sales that have transacted in the past year consist solely of Class B & C buildings. Despite variations across building classes, overall rental growth has been positive across the board. Bozeman's office market has only expanded by 60,000 SF in the past three years. Rents have considerably outpaced the national average over that same time period (increasing 8.1% compared to 2.8% nationwide). This partnered with consistent sales activity over the same timeline showcase sustained interest in the area.

### MARKET ASKING RENT GROWTH (YOY)



\*All data points sourced from CoStar 2024



**MIKE ELLIOTT**  
CEO / MANAGER BROKER  
+1 406.599.0466  
mike.elliott@erescompanies.com



**PAUL LENCIONI**  
BROKER



**CAMERON WEBSTER**  
ASSOCIATE BROKER